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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

**DIRECT MARKETING ASSOCIATION, INC.
NOTICE OF PREHEARING CONFERENCE ISSUES, AND
COMMENTS ON PROPOSED SPECIAL RULES OF PRACTICE**

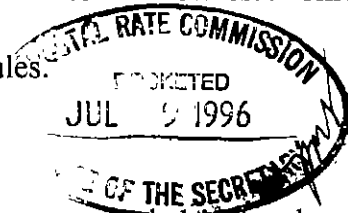
Pursuant to Commission Order No. 1115, issued June 12, 1996, Direct Marketing Association, Inc. ("DMA") hereby provides notice of issues that it intends to raise at the prehearing conference on July 12, 1996, including several comments to the proposed Special Rules of Practice, especially as they relate to the new electronic service procedures outlined in Section 3 of the proposed Rules.

1. Appropriate Test Year For Classification Cases.

This case, like many of the classification cases that have preceded it, has been filed more than one year following the termination of the most recent omnibus rate case. As a result, substantial amounts of cost, volume and revenue data are available now that were not available during consideration of R94-1.

In its Order No. 1120, issued June 18, 1996, the Commission stated:

"An important Commission function in the current proceeding is to evaluate the proposed test year cost coverages for the special services that are the subject of proposed fee increases and determine if those coverages are in conformance with the Act. This function involves coverage comparisons of those special services with each other, and with mail classes, subclasses, and other special services. These comparisons are necessary because



the Act requires a balancing of various pricing factors, and the Commission has historically considered the cost coverage profile of all classes, subclasses, and services when evaluating proposals to increase institutional cost allocations through rate and fee increases." PRC Order No. 1120 (June 18, 1996), p.1.

DMA does not disagree with the general proposition that the "comparisons" referred to above constitute "an important Commission function." However, making appropriate comparisons may be difficult when the costs and proposed fees for the special services in this case are based on FY 1996 data, whereas other postal rates and fees were determined based on FY 1995 data. Certainly, a cost coverage for a particular service calculated using FY 1996 numbers cannot be compared to a cost coverage for a different service calculated based on FY 1995 numbers.

In Docket No. MC95-1, the Postal Service and the Commission faced an analogous problem when restructuring second and third class mail. The "contribution neutrality" concept was utilized in order to avoid unfairness and other problems that would have occurred had a full-blown costing and pricing analysis been entertained.

The scope of this "comparison" problem may be limited in the current proceeding, which deals with a relatively few special services. DMA notes, however, that a reclassification case relating to parcels is expected within the next several months. The issues of the appropriate test year and the methods for making cost coverage comparisons are likely to have substantially more significance in that context.

Accordingly, the issue is important and deserves to be raised as early as possible in this proceeding.

2. Exceptions to General Service Requirements For Certain Documents.

DMA supports proposed Special Rule 3.C., which would eliminate the need to serve certain documents on parties other than those who make a special request for them. However, parties may face practical difficulties in establishing accurate service lists so that each of the other parties will receive the documents it has requested in the form (electronic or hard copy) in which it has requested them. These difficulties would be eased if the Commission were to set a deadline for participants filing requests for documents under Section 3.C. and publish shortly thereafter a service list containing a comprehensive compilation of this information.

3. Electronic Service.

DMA supports the incorporation in the Special Rules of the electronic service system established in Docket No. MC96-2. DMA has participated in this system as a "category 3" participant, and its experience with this system has been generally favorable. DMA notes, in particular, that the Commission's daily distribution of lists of documents filed has provided a useful check-list through which parties can assure themselves that they have not missed anything.

On the other hand, DMA has experienced substantial difficulties in "unpacking" the documents transmitted by the Commission. Many of the documents, especially (for some reason) those originating with the OCA, have been received in

corrupted form, making it impossible to open the documents and read them. DMA counsel is continuing to work with the PRC staff in an attempt to resolve these problems.

4. Limitations on the Number of Recipients of E-Mail Documents.


Traditionally, the Commission has limited to two the number of individuals that each party may identify to receive service of documents. Where hard copy service is involved, this limitation is reasonable, because it limits the expense of a party's participation in Commission proceedings. In the context of an electronic service system, however, this limitation no longer seems to make sense, since service is done through a group of e-mail addresses. DMA's experience to date with the electronic service system indicates that it would eliminate some of the disadvantages of the system if several individuals in the same office could receive electronic versions of the documents simultaneously. Obviously, there needs to be some rule of reason to keep the system from becoming unruly. Accordingly, DMA suggests that each individual entitled to receive service of hard copy documents be permitted to identify three e-mail addresses to which electronic (and only electronic) copies of the documents should be served.

5. E-Mail Document Naming System.

DMA's experience with the electronic service system has revealed one problem that could be easily resolved. In the recent past, DMA has received in rapid succession, several different documents each of which were given the same electronic

"name." This situation has caused difficulty when the documents are saved for further processing. This problem would be eased if the parties were to adopt a naming convention that would reduce confusion and avoid duplication. For example, two documents filed by DMA on July 9, 1996, could be named "DMA0709A" and "DMA0709B", respectively.


Respectfully submitted,


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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing documents in accordance with the Commission's Rules of Practice, including service in accordance with the service list in MC96-2.


Dana T. Ackerly II

July 9, 1996